
From: Ed, Stuart C

Sent: Monday, July 13, 2009 11:29 AM

To: Mayor and Council

Cc: Wilson, Joyce A.; Adauto, Patricia D.; Smyth, Ellen A.; Ontiveros, Bertha A.; Nichols, Larry F.

Subject: 7/14/09 Consent Agenda Item 6 - Water Wagon

Mayor and Council,

I wanted to send you some additional backup information regarding Tuesday's Consent Agenda Item 6, the purchase of a new Water Wagon for Environmental Services.

Below is a very brief cost-benefit analysis analyzing maintenance expenses on the existing water wagon that will be replaced if you approve this item:

1. The proposed purchase of this water wagon will replace the oldest in our fleet, which was purchased in 1991. This vehicle is 18 years old. Useful life for the vehicle is only 10 years.
2. Original costs of the water wagon being replaced was \$153,000. Total maintenance costs for the unit is more than \$158,666 year-to-date since it's purchase, so we've spent more on maintenance than the original cost during the vehicle's lifetime.
3. The vehicle being replaced is not currently operational. This unit requires an engine, water tank, water pump, hoses, body work, etc.. repairs. We've received estimates from several vendors stating it would cost at least \$35,000 in repairs to make it fully functional. The unit has been out of service for over 10 months.
4. Price for the new replacement vehicle totals \$359,500. When that amount is divided into the actual life (18 years) of the vehicle that is being replaced, the annual cost for the vehicle totals \$19,972.22. This annual price for a new vehicle compares favorably with the \$35,000 minimum maintenance cost required to bring the vehicle being replaced to a fully serviceable level.

I will be available during Council to answer any questions that you may have.

Thank you.

Stuart C. Ed

General Services Director